Secrets. IX-37—100,000—28-5-48.

FOOD (19[illegible]48) Department.

MS. SERIES.

G.O. No. 1106

Dated 7—12—1948.

[Despatch Abstract.]

CIVIL SUPPLIES - Salt - Ban on the transport of Salt outside the Province of Madras and the States of Pudukottai and Ramanadpalli except under permits - Cancelled - Notification under the Essential Supplies (Temporary) Act, 1946 - Issued.

Food (G).

IMPORTANT TELEGRAM NO.262, DATED 7--11--1948.

To Foreign, New Delhi.

Following for Suplind from Cereals.

Please refer your Telegram (No) Salt-14(15)/48 approving imposition of ban by Madras Government on export of salt to places outside Madras Province aaa Not only salt position eased since then but new situation created due to bumper production of salt this year estimated at two hundred lakhs maunds against provincial requirements of one hundred and forty five lakhs maunds aaa Even after meeting provincial requirements and needs according to basic plan of outside Provinces and States depending on Madras Salt sources, there will be a huge surplus of about twenty eight lakhs maunds available aaa Repeated representation received by Madras Government that increased production is straining storage accommodation and further production will be seriously impeded unless outlet afforded to surplus aaa To afford immediate relief Tuticorin producers have been permitted to ship about two lakhs and odd maunds to Calcutta as recommended by Salt Controller for India aaa Nevertheless huge surplus cannot be moved easily in normal way under the ban aaa Madras Government propose to reserve necessary quantities to meet requirements of the Province for next five months and plus twenty five per cent of total production amounting all to about one hundred and ten lakhs maunds and allow the rest to move out of Province freely by lifting the ban with immediate effect for a period of three months aaa Further, in spite of heavy production there is an unwillingness on part of wholesalers to move sufficient stocks from factories into consuming areas which is attributed to control of wholesale and retail prices of salt by District Collectors in exercise of powers delegated to them in this Government's Proceedings (No). 1098 Food, dated fourth October 1947 aaa In view of proposal to remove the ban on movement after keeping ample reserves to meet provincial requirements during next five months, control over wholesale and retail prices of salt is considered unnecessary aaa Madras Government accordingly propose to withdraw control over wholesale and retail prices simultaneously with the removal of ban on exports aaa Control over Ex-factory prices will, however, continue aaa Please obtain and communicate concurrence of Government of India for implementing the proposals of thie Government with immediate effect aaa Madras Government would be grateful for reply by wire.

CEREALS.

P.T.O.

Important telegram No.13281 dated 18th November 1948, from Foreign, New Delhi, decodes:--

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Following from SUPLIND for CEREALS.

No. Salt 14(15)/48. Your telegram No.262 November 7th. We agree lifting of ban on exports with immediate effect for 3 months on terms proposed. As regards withdrawal of Provincial Control over wholesale and retail prices regret we are not repeat not yet quite clear about cogency of proposal. Such withdrawal makes prices rise? Kindly write with fuller reasons before we agree to withdrawal.

Advance copy circulated to H.M.(Food).

Copy to Food Secretary.

M.G.M.
20/11/48.
U.S., Public.

GOVERNMENT OF MADRAS.

Abstract.

CIVIL SUPPLIES - Salt - Ban on the transport of salt outside the Province of Madras and the States of Pudukottai and Banganapalle except under permits - Cancelled - Notification under Essential Supplies (Temporary Powers) Act, 1946 - Issued.

FOOD DEPARTMENT.

G.O.Ms.No.1105 Dated 7th December 1948.

Read the following:--

1. G.O.Ms.No.613 Food, dated 9-7-1948.
2. G.O.Ms.No.781 Food, dated 26-8-1948.
3. G.O.Ms.No.822, Food, dated 13-9-1948.
4. From the Government of India, Ministry of Industry and Supply, Telegram No.14/15[illegible]/48, dated 18-11-48.

ORDER:

The following notification will be published in the Fort St. George Gazette:-

NOTIFICATION.

In exercise of the powers conferred by section 3(1) and (2)(d) of the Essential Supplies (Temporary Powers) Act, 1946 & (Central Act XXIV of 1946), read with the Notification of the Government of India, Department of Food, No.PY.603(2)-1, dated ~~21~~ the 21st October 1946, section 17(2) of the said Act and Public (Political)Department Notification No.27, dated the 12th May 1948, published at page 425 of Part I of the Fort St. George Gazette, dated the 18th May 1948, and of all other powers enabling him in this behalf, and with the concurrence of the Government of India, His Excellency the Governor of Madras and hereby rescinds, with effect on and from the date of publication of this Notification, the order published with Food Department Notification, dated the 9th July 1948, at page 587 of Part II of the Fort St. George Gazette, dated the 13th July 1948, as subsequently amended, prohibiting the transport of salt to places in India outside the Province of Madras and the States of Pudukkottai and Banganapalle except under permits.

BY ORDER OF HIS EXCELLENCY THE GOVERNOR.

Sd/- x x
Secretary to Government.

To the Superintendent, Government Press, for publication in the Fort St. George Gazette.
To the Board of Revenue (Civil Supplies).with enclosure.
To the Board of Revenue (Land Revenue).
To the Collector of Central Excise.
To all Collectors.
To the Director of Industries and Commerce.
To the Director of Agriculture, Madras.
To the Registrar of Co-operative Societies, Madras.
To the Secretary, Central Road Traffic Board, Madras.
To the General Manager, M. & S. M. Railway, Madras.

To the Chief Operating ~~Operating~~ Superintendent,
M. & S. M. Railway, Madras.
To the General Manager, South Indian Railway, Tiruchirappalli.
To the ~~General Manager~~ Chief Operating Superintendent,
S.I.Rly., Tiruchirappalli.
To the General Manager, B. N. Rly., Calcutta.
To the General Manager, N.S.Rly., Hyderabad, (Deccan).
To the Collector of Customs, Madras.
To the Commissioner of Police, Madras.
To the Inspector-General of Police, Madras.
To the Superintendent of Police, 'X' Branch, C.I.D., Madras.
To the Government of India, Ministry of Food, New Delhi (3 copies).
To the Government of India, Ministry of Transport, New Delhi.
To the Government of India, Defence Ministry, New Delhi.
To the Government of India, Ministry of Agriculture, New Delhi.
To all other Provincial Governments.
To the Chief Secretary to the Government of Ceylon.
To the M.G.A., Southern Command, Poona.
To the High Commissioner for India, London.
To the Foreign Trade Controller, Madras.
To the Secretary to the Government of Mysore, Department of Food, Bangalore.
To the Political Member, State Executive Council, Sandur.
To the Secretary to H.E.H.Nizam's Government, Supply Department (Hyderabad)(Deccan).
Copy to the Private Secretary to Hon'ble the Premier.
" Legal Department (3 copies)
" Departments of the Secretariat, other than Food.
" Chief Secretary to the Government of Travancore, Trivandrum.
" Chief Secretary to the Government of Cochin, Ernakulam.
" Director of Information and Publicity, Madras.
" Government of India, Ministry of Industry & Supply, New Delhi.

(True copy)

R. Nirmalan 1.8.54

KRVD.30.1. OFFICE ASSISTANT, M.R.O.

27/2/54

SALT - Removal of ban on movement outside the Province and of control over wholesale and retail price.

Several representations have been received from producers and the trade for the removal of the ban inposed by this Government on the export of salt outside the Province except under permits. The Board of Revenue (C.S) was consulted in the matter and it has made the following recommendations:

(1) Removal of the ban on movement of salt outside the Province.

(2) Removal of the control over the wholesale and retail issue prices of salt.

These recommendations are examined below:

Removal of ban on movement outside the Province:

Early in the year when there was no ban on the movement of salt, numerous complaints were received about the non-availability of salt and blackmarketing on the part of merchants. Price-control by itself was found inadequate to meet the situation. With the concurrence of the Government of India, a ban on the movement of salt to places outside the Province was imposed in July last on the understanding that the ban should be lifted as soon as the salt position in the Province improved. Since the ban was imposed, there have been no complaints of non-availability of salt and of charging unreasonable prices. The position would appear to be easy.

Since the ban on movement outside the Province was imposed a fresh situation has arisen. Madras Province is normally surplus in salt. The normal production is 150 lakh maunds. The production last year went up to 171 lakh maunds and this year it is estimated at 200 lakh maunds. There has been a bumper production this year, the excess production being 50 lakhs maunds.

The normal consumption of salt in this Province, at 19 lbs. per capita per annum, has been estimated by the Board of Revenue (C.S) at 122.54 lakhs. The Salt Controller has put it at 145 lakh maunds. This apparently includes the requirements/fish curing yards etc. Adopting the Salt Controller's figure, the exportable surplus this year will be 55 lakh maunds.

The normal export, based on the average of the past-six years is 27.26 lakhs. A further exportable surplus of 27.74 lakhs have to move this year. The Board considers that the stage has arrived for lifting the ban and has accordingly recommendéd its removal. The Salt Controller has stated in connection with his zonal scheme that the production would justify the removal of the ban.

Repeated representations have been made that there is acute pressure on storage accommodation and that unless immediate relief is afforded by allowing free movement of salt outside the Province, further production will be seriously impeded. To afford immediate relief, a special quota of 2.18 lakhs for Calcutta for ~~Tixxx~~ Tuticorin producers and of 0.20 lakh for Mysore for Vedaranyam producers have been given. A suggestion has also been made to the Board to increase the export quota by 50% immediately. These measures are not considered adequate to move the heavy surplus. Sardar Vedaratnam, M.L.A., with the President of the Salt producers of Vedaranyam, M.L.A., ~~with the President of the Salt Producers of Vedaranyam~~ met the Secretary and made personal representation

in the matter. The question was also further discussed with the Secretary to C.C.S. who is dealing with salt in the Board. It is considered that having regard to the heavy production and unusual surplus, only free movement can bring the desired relief and that the heavy surplus stocks cannot be moved in the normal way under the ban. At the same time adequate provision should be made to meet the requirements of this Province during the remaining 5 months.

The requirement of this province for the remaining five months is 60 lakh maunds. A reserve of 25% of this year's production of 200 lakh maunds may be made as a margin of safety. This will mean another 50 lakh maunds. (This is equivalent to 1/3 of the normal annual production of 150 lakhs). We thus require 110 lakh maunds for the rest of the year.

The stocks on hand on 1-10-1948 was 118.2 lakhs and the production during November 1948 to March 1949 is estimated at 31.50 lakhs. Thus as against 110 lakhs required by us, we shall be having 149.7 lakhs and the exportable surplus during the rest of the year will be 39.7 lakhs. It is suggested that
A the ban may be removed with immediate effect for a period of three months with the concurrence of the Government of India and that free movement of salt may be allowed subject to the reservation of the quantities required for provincial consumption.

Removal of control over wholesale and retail prices:

There is control over the ex-factory price of salt. In addition the wholesale and retail prices of salt are fixed by Collectors in exercise of the powers delegated to them in G.O.No.1098 (Food) dated 4-10-1947. The Board of Revenue (C.S) has recommended that in view of the heavy production, the control over the wholesale and retail prices of salt imposed by Collectors may be withdrawn and the prices allowed to adjust themselves according to supply and demand. The salt position has already been explained in the preceding paragraphs. Though there is heavy production, the Board has noticed an unwillingness on the part of wholesale merchants to import and stock salt in the districts. The Board attributes this to the xx price control. The point was discussed in all its bearings with the Secretary to C.C.S. In view of the proposal to remove the ban on movement on account of heavy production and the proposal to keep ample reserves to meet the provincial requirements during the remaining five months, the
B retention of the control over the wholesale and retail prices is considered unnecessary. It is accordingly proposed to remove it. Collectors will, however, have the power to reimpose control if found necessary later.

The file may be circulated for orders on the two proposals.

Intd.. x x
2-11-48. Secretary..

A & B may be approved. These are intended mainly to get rid of the surplus stock, failing which it is apprehended, the salt manufacture in the Province is likely to receive a set back.

Intd.. x x M.A.K.
3/11/48.

T.S.S.R.

H.M.P.

To A.S.

Orders on p.11 ante.

Draft telegram to Suplind is submitted. After approval the case may be sent to Public (S.C) for issuing the telegram in code.

Intd. L.K.
5/11/48.

Intd. x x
6-11-48.
Secretary.

Pub.(S.C).

Issued in code.

A.S. II. I think this could have been done. Let the other A.S. also note this for future guidance.

It is suggested that long communications such as these may be ~~xxxxxxxxxxxxx~~ sent by airmail. If the draft which was ready yesterday, had been despatched yesterday, it would have reached the department tomorrow, no later than this telegram.

M.G.M. x x x
7.11.48

M.A.K.
Food.

Intd. x x
8/11/48.

Please extract and circulate.

Intd. L. L.K.
~~xxx~~ 8/11/48.

Copies circulation to all sections except G.

Intd. x x
9/11/48.

(ISSUED AS TELEGRAM NO.262. DATED 7-11-1948)

Food Department (G).

To B.S.

India's reply to the telegram at pp.93-94 c.f. has not yet been received. A reminder telegram is submitted for approval.

After issue, a draft notification cancelling the orders issued in G.O.No.613 Food, dated 9-7-1948 will be put up for being sent to Legal for scrutiny as also draft confidential instructions to the Board to ask Collectors to keep in readiness draft notification cancelling their notification fixing wholesale and retail prices of salt, for publishing them immediately after the Government of India communicate their concurrence in the matter.

Intd. x x
15/11/48.

P.T.O.

To D.S.

'R' on page 12 above.

A draft notification is submitted for approval.

'Z' above:

A draft memo is submitted for approval. After issue of the draft Memo, the case may be sent to Legal for scrutiny of the Draft Notification.

Intd. x x
19.11.48.

Issued as Memo No.40714/G/48-6, Dated 19-11-1948.

U.O.40714/G/48-7
19-11-48.

* * * Legal Department.

The slight alterations indicated in red ink on the draft notification may be made.

Intd. x x
19/11/48.

FOOD DEPARTMENT (G).

SALT - REMOVAL OF BAN ON MOVEMENT OUTSIDE THE PROVINCE AND OF CONTROL OVER WHOLESALE AND RETAIL PRICES.

D.S.

The copy of the de-coded telegram from the Government of India at p.109 c.f. may be perused. India have agreed to our proposal to lift the ban on movement of salt outside the province with immediate effect for a period of three months provided that this Government ensure adequate measures for keeping ample reserves for meeting provincial requirements upto and of March 1949. A draft notification has already been prepared in consultation with Legal for removing the ban -- vide draft Order below. But the question is in what manner we should ensure reserves, viz., actual requirements of the province for the rest of the year 1948-49 plus 25% of annual production at the factories. The Dy. Salt Controller, Madras, has already made it clear that his department has limited control over certain factories working under the M.E. system. It has only the option to purchase upto 50 per cent of the produce in such factories at a price to be fixed by it for releasing it for sale in the open market and that it has no power to direct the factories to dispose of the salt to any particular wholesale dealer in a

manner to be desired by the Government. In the circumstances it is for consideration whether the Board may be consulted in the first instance regarding the measures to be adopted to ensure adequate reserves before the draft notification lifting the ban on movement is issued.

As regards withdrawal of control over wholesale and retail prices, the Government of India doubt whether such withdrawal will not result in upward movement in prices and desire fuller reasons to be furnished to the orders in circulation at B on p.11 above. The matter may, however, be taken up with the Government of India again after a report which is proposed to be called for from the Board, is received. Subject to orders a draft Endorsement is submitted on p.110 C.F.

I do not think that we should call for at this stage a report from the Board regarding the measures to be taken for meeting the requirements of the Province during the next three months. We have already reported to the Government of India that we propose to reserve necessary quantities to meet requirements in the province for the next five months plus 25 per cent of total production amounting to in all 110 lakhs maunds, and the Government of India have agreed to lifting of the ban on these terms proposed. It may not be difficult to enforce these conditions. The salt authorities can require the manufacturers of Salt factories working under the M.E. system (there are apparently the bigger factories) to store a portion of their total produce upto 50% for each season as Government reserve. The Salt Department has a lien on such salt and have the further option of purchasing it and releasing it for sale. By the exercise of this control by the Salt Department, 50 per cent of the existing produce and 50 per cent of the salt to be produced hereafter can be shut out from export. Moreoover, no salt can be removed out of factory without a permit from the Salt Authorities and it will be possible to regulate movement by a strict enforcement of this provision whenever needed. Over and above this, the Board can instruct the Collectors of the Districts concerned to keep a day to day watch over salt movements from the factories, and to report to the Board the position so that if any contingency arises we can re-impose the ban as quickly as possible. We may after issue of Notification (or even now) ask the Board separately what practical steps it is going to take to see that the requirements of the Province as stated above will be fully met.

But, in any case, the notification cannot issue immediately as the Government of India have not agreed to price control. It will be dangerous to remove a ban without simultaneous relaxation of price control. The Government of India apparently have not understood the position clearly. If we remove the ban and still continue our price controls while price controls are not enforced in other provinces, a serious situation might arise here by reason of salt moving out quickly outside the province and creating internal scarcity here. Apart from this, on account of the large stocks existing at present in the province, prices are likely to adjust themselves and not so high if the price control is removed at present. Merchants who have been very much handicapped so far on account of controls will be free to purchase and dispose of the salt, and wider movement and better distribution of salt can be expected if price control is removed. We may reiterate these points again and request the Government of India by telegram to permit the withdrawal of price controls so as to enable us to issue the notification regarding the removal of ban immediately.

Intd. x x
22.11.48.

The Government of India have not apparently understood why Madras Government was not particular in having the price control in respect of salt for the next three months. Our normal production of salt was about 150 lakhs and even then we had some surplus. But this year's production has been considerably more heavy and amounts to about 200 lakhs which means a surplus of about 55 lakhs. Unless the surplus quantity is exported immediately further production of salt is bound to suffer. The stocks on hand on 1-10-48 exceeded 118 lakhs and the quantity expected to be produced between November and March 1949 is about 31.5 lakhs. The normal monthly consumption within the province is roughly about 12 lakhs. Thus on the 1st of October we had nearly 10 months' stocks on hand. That was why we suggested the with-drawal of the ban reserving enough to meet our immediate and prospective requirements. After reserving the stocks required for consumption till the end of March 1949 and 25 per cent of the annual production as a sort of buffer, there would still be about 40 lakhs surplus which is available for export and which must be exported as early as possible if the salt industry is not to suffer. In the ordinary course this large quantity cannot move with the price control and with the restriction on exports. The removal of the price control will not affect the position in the province adversely because of the existence of a huge surplus. Again in view of the limited transport facilities now available it is extremely doubtful if the surplus of 40 lakhs could be moved before the end of February. Thus both on account of huge surpluses now available and in view of the limited transport facilities, there is no likelihood of the price of salt rising unduly high. After all the suggestion is only to remove these bans and restrictions for a period of three months. Even within this period, we can closely watch the salt position with reference to the fortnightly returns we are receiving and if at any time it is found that the surplus stocks have been cleared or that the prices are rising contrary to our expectations, we could suggest the re-imposition of the controls whether in regard to price or movement. The position may be explained to the Government of India.

The other point as to how we propose to reserve a certain percentage of the production for local consumption to ensure a regular supply is a general point arising out of the zonal scheme proposed by the Government of India. If the Government of India could take steps to reserve 25 per cent of the average annual production as suggested in the Controller's letter, I presume there may not be any serious difficulty in reserving if necessary a slightly larger quantity to meet the local needs. The Board may however be asked to consider this aspect of the question and submit a report in consultation if necessary with the Deputy Controller of Salt, Madras. This however will not affect the present proposals for the removal of all controls in regard to the movement and prices of salt for a temporary period of three months.

Intd. x x
23/11/48.

To D.S.

A draft letter to the Government of India on the lines indicated in para 1 of Secretary's notes from page 16 above is submitted. Also with reference to para 2 of Secretary's notes, a draft memo to the Board of Revenue (C.S) is submitted for approval.

For issuing the draft notification below, India's reply to the draft letter now being issued may be awaited.

Intd. x x
25/11/48.

(Issued as letter No.40714 G/48-8, dated 25-11-48).

I contacted Mr. S.A.Venkataraman, Secretary, Ministry of Industries, Government of India, New Delhi over the trunk phone and explained to him the position and the need for the urgent removal of the ban. He said that the matter was expected to be disposed of finally by day after to-morrow and that orders would be issued in two or three days. I asked him whether the ban could be lifted by us pending disposal of the price question, and his view was that it was for the Madras Government to decide. Hence the Government of India had already permitted the lifting of the ban. In any case, he said would orders would issue in two or three days.

In view of the price question being decided either way during the course of this week, we might go ahead immediately in regard to the issue of the notication lifting the ban, as that would ease the situation immediately and satisfy the producers who have been clamouring incessantly for the removal of the ban.

Yes. Intd 7/12

Intd. x x U-K.
7/12/48. Dy. Sy.

D.S.

In view of the orders above, the draft notification below, which has already been scrutinised by Legal may now issue.

Intd. x x
7/12/48.

(Issued as G.O.Ms.No.1105 Food, dated 7-12-1948).

From the Government of India, Ministry of Industry and Supply Telegram No.Salt 14(15)/48, dated 11-12-1948.

To D.S.

India's telegraphic reply at page 123 c.f. may be perused.

2. India have reiterated the view already expressed in their previous telegram at page 109 c.f. They agree to the immediate withdrawal of the ban on exports and do not favour the withdrawal of Control over prices. This Government have already withdrawan the ban on exports - Vide G.O.Ms.No.1105 Food, dated 7-12-48, India have indicated in their telegram that with the introduction of the Zonal Schemes for salt distribution from January next, there may not be any need for the Provincial Government to reimpose the ban on exports at the end of three months. India have also indicated that the Salt Controller will be visiting Madras sometime after December 20th and will, if necessary, discuss the matter with the Provincial Government authorities. It is therefore for consideration whether further action in the matter will be deferred until the matter is discussed with the Salt Controller. If so, India may be asked to intimate the exact date of the Controller's visit to Madras and they may be informed that this Government would like to discuss the m atter with him.

3. For orders. Further in view of the fact that the Govt. of India have intimated that there may not be any need for the Provincial Government to reimpose the ban on exports, the Board need not be asked now to review the position and report on the desirability or authorise of reimposing the ban. Action in this regard may be taken after the proposed discussion is held.

4. In the meantime, a copy of India's ~~reply~~ telegram at page 123 c.f. may be communicated to the Board of Revenue (C.S) for information. A draft Endt. is submitted on p.124 c.f. for approval.

The Zonal scheme appears to have been finalised and communicated, though we have not received a copy yet. The Regional Controller of Railway Priorities appears to have received a copy and with reference to that issued instructions to the Railways, with the result there were complaints from salt merchants. We too received some telegrams. Later their resprictions appear to have been withdrawn as the zonal scheme is to come into operation only from 1st January 1949. I have asked the R.C.R.P. by a D.O. for a copy of the zonal scheme.

M We may agree to the proposed discussions with the Salt Controller who will be arriving about the 20th and intimate the Government of India accordingly. (1) The zonal scheme (2) the price questions and (3) the necessity for the continuance of the ban after a period of 3 months can all be discussed then.

Yes.

Intd. x x
15/12/48.

To D.S.

With reference to M above, a draft telegram to the Govt. of India is submitted for approval.

Intd. x x
17/12/48.

(Issued as Telegram No. ~~1247~~ 40714.G/48-12 dated 17-12-48)

From the Board of Rev.(C.S) No.128585-M/48-9 (CS) dated 16-12-1948.

To D.S.

Board's reference at page 127 c.f. with enclosure thereto at page 129 c.f. may be perused.

While pressing the Government of India to agree to the removal of the ban on export of salt from Madras Province to places outside this Govt. in their letter dated 25-11-1948 made it clear that free exports would be allowed after reserving 25% of the total annual production at the factories as a buffer and also the entire provincial requirements for the period November 1948 to March 1949 so as to enable this Province if need arises to tide over abnormal withdrawals to outside places in the absence of any ~~ban~~ ban. The Govt. of India agreed to the proposal and the ban on exports has since been withdrawn with effect from 7-12-1948.

However prior to the withdrawal of the ban, the Board's attention was drawn to the above mentioned letter and it was asked to report ~~xxxx~~ urgently in ~~consultation~~ consultation with the Deputy Salt Controller, Madras, on the steps that should be taken to ensure the reservation of (1) 25% of the total production at the factories as a buffer, and (2) the Provincial requirements for the period November 1948 to March 1949.

The Board's report is at page 127 c.f. The Deputy Salt Controller, Madras who has been consulted by the Board in the matter has in his letter copied at page 129 c.f. stated as follows:-

If we have powers to reserve 25% of the production, can we not take powers to reserve something more?

Intd. x 28/12

1) There is at present no statutory provision to enable the Government to compel the Salt licences to dispose of their salt to a particular dealer or a particular area in a manner required by the Government. It is therefore not possible to ensure the reservation of stocks sufficient to meet Provincial requirements for the period November 48 to March 1949.

What is the extent of production under this system.

Intd. 28/12/48.

2) In the case of modified Excise licencees or lessees, the Government have a lien upto 50% of the total stock produced by them provided they are previously intimated of Government's requirements ~~xxx~~ and the Govt. purchase the stocks. It is therefore possible to ensure the reservation of 25% of the total production only in such factories to serve as a buffer.

For reasons stated at 'M' on page 129 c.f., the Deputy Controller is of the view that it is not necessary to reserve Provincial requirements for the period November 1948 to March 1949 in addition to the 25% buffer. The Board agrees with the ~~xix~~ Deputy Controller. For orders whether this view will be accepted.

As regards the reservation of the 25% buffer, in all factories, the Board has offered its remarks on the need for a statutory Provision to this effect to enable the Government to effect such reservation, in its remarks on the zonal scheme, which is being dealt with separately.

No immediate action is therefore called for in this file. The reply from the Government of India to this Government's telegram at page 125 c.f. may be awaited till 28-12-1948. For orders.

This question has now taken a different turn in view of the proposed introduction of the Zonal scheme with effect from 1-1-1949. According to the proposal of the Dy. Salt Controller, factories will be allotted separately to consuming centres in each zone. This means that the wholesaler for a certain area will have the monopoly of trade for that area and there would be no competition. This does not envisage a free trade system by which prices might be expected to adjust themselves. In view of this it seems desirable to continue the present fixation of prices both ex-factory and at the consuming centres. The Government of India also is reticent to lift the price fixation order and as we will have to fit in to an all India policy, we may agree to the

continuance of the present price fixation system. We may have to make some alterations in our present price structure and this, we can attend to separately after consulting the Board, etc.

L.O. till 29-12-48.

Intd. [illegible]
28/12/48.

Intd. [illegible]
28/12/48.

(From Salt Controller, Govt. of India, Telegram dated 31-12-48).

"We have already decontrolled. Have we not reported. Put up draft reply".

U.K.
3-1-49.

To D.S.

With reference to D.S.'s querry extracted above, it is submitted that we have already removed the ban on the transport of salt outside the Madras Province, in G.O.Ms.No.1105 Food, dated 7-12-1948. Copies of the G.Os. have been sent among others, to the Collector of Central Excise, Madras and the Govt. of India, Ministry of Industry and Supply. - vide pp.121-122 c.f. Copies may now be sent separately to the Salt Controller for India and also the Dy. Salt Controller, Madras. A draft reply telegram is submitted.

2. Since Secretary put his querries on p.21 above, the whole matter was discussed with Salt Controller for India on 29-12-48. The Zonal Scheme was approved, subject to the reservation of 25% of the annual production of salt as minimum stock to meet the emergencies. As regards prices, it was agreed that the ex-factory wholesale and retail prices would be continued and that there was no necessity to abolish them. The question of issuing a Provincial Salt Control Order to meet emergencies, if any, or to acquire salt is being considered in a separate file. (C.No.55646 G/48). As regards alteration in the present price structure, relevant extracts from this file may be added to the linked file, relating to the wholesale and retail price of salt in this province, and the matter pursued in it. The papers in this file may be put away as G.O.Ms.No.1105 Food dated 7-12-1948, which has already been issued in this file.

Intd. x x
5/1/49.

(Closed as G.O.Ms.No.1105 (Food) dated 7-12-49)